

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
LOCAL DEBT POLICY**

A. DEFINITIONS

“Act” shall mean the Joint Exercise of Powers Act, being Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500.

“Agreement” shall mean that certain Amended and Restated Joint Exercise of Powers Agreement relating to the California Statewide Communities Development Authority, dated as of June 1, 1988.

“Authority” shall mean the California Statewide Communities Development Authority.

“Debt” shall be interpreted broadly to mean bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

“Policy” shall mean this Local Debt Policy.

B. PURPOSES OF DEBT

The Authority will consider Debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings, and improvements, and any other uses authorized by the Agreement, for the following purposes:

1. To assist a member of the Authority in financing public facilities, services or programs, including but not limited to short-term borrowing needs and access to capital for public improvements and infrastructure.
2. To assist certain private entities in financing a project or program that produces public benefits.
3. To refinance outstanding debt in order to produce debt service savings or to restructure debt for other benefits.
4. To finance a project or program intended to provide public benefits to any local community, including its residents, business, or institutions, including but not limited to promoting economic development.

C. TYPES OF DEBT

1. The following types of debt are allowable under this Debt Policy:
 - a) conduit revenue bonds or notes

- b) general obligation bonds
 - c) bond or grant anticipation notes
 - d) leases, lease revenue bonds, installment sale or purchase agreements, certificates of participation and lease-purchase transactions
 - e) revenue bonds
 - f) tax and revenue anticipation notes
 - g) land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment acts, including PACE financings
 - h) any other type of debt permitted under the Agreement and authorized by law.
2. For purposes of this section, the term “bonds” may include notes, warrants, leases, installment purchase agreements, certificates of participation, financing agreements or any other evidence of an obligation to pay or repay money.
 3. The Authority may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment of this Debt Policy.

D. RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM

The Authority does not have a capital improvement program because its primary purpose is to provide financing to promote economic development for California communities.

E. POLICY GOALS RELATED TO PLANNING GOALS AND OBJECTIVES

The Authority’s goals and objectives are to provide financing programs under the Act or other applicable provisions of law to promote economic development for California communities. This Debt Policy provides flexibility for the Authority to provide financing programs for economic development opportunities in California’s diverse communities.

F. INTERNAL CONTROL PROCEDURES CONCERNING USE OF PROCEEDS OF DEBT

One of the Authority’s priorities in the management of debt is to assure that the proceeds of the debt will be directed to the intended use for which the debt has been issued. In furtherance of this priority, the following procedures shall apply:

1. A copy, which may be an electronic copy, of all debt-related records shall be retained at 1100 K Street, Suite 100, Sacramento California 95814. At minimum,

these records shall include all official statements, bond legal documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). Such records shall be retained while any debt of an issue is outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

2. The Executive Director shall retain, for the applicable period specified in the above paragraph 1 of this Policy, a copy of each annual report filed with the California Debt and Investment Advisory Commission (CDIAC) pursuant to Section 8855(k) of the California Government Code concerning (1) debt authorized during the applicable reporting period (whether issued or not), (2) debt outstanding during the reporting period, and (3) the use during the reporting period of proceeds of issued debt.
3. In connection with the preparation of each annual report to be filed with CDIAC pursuant to Section 8855(k) of the California Government Code, the Executive Director or the designee of the Executive Director shall keep a record of the original intended use for which the debt has been issued, and indicate whether the proceeds spent during the applicable one-year reporting period for such annual report comport with the intended use (at the time of original issuance or as modified pursuant to the following sentence). If a change in intended use has been authorized subsequent to the original issuance of the debt, the Executive Director or the designee of the Executive Director shall indicate in the record when the change in use was authorized and whether the Authority authorized the change in intended use.
4. If the debt has been issued to finance a capital project and the project timeline or scope of project has changed in a way that all or a portion of the debt proceeds cannot be expended on the original project, the member of the Authority for whom the debt was issued shall consult with legal counsel (which may be bond counsel, if applicable, or the general counsel to the member) to determine an appropriate alternative for the expenditure of the remaining debt proceeds (including prepayment of the debt).

G. INTERPRETATION/WAIVER

This Debt Policy is intended to be interpreted in a manner consistent with the Authority's existing policies and program guidelines and shall be subject to any contrary provisions thereof. The Authority Commission may, by resolution, waive any provision of this Debt Policy, with respect to a particular debt issue.